



## Audit and Risk Assurance Committee (ARAC)

**Monday 15<sup>th</sup> July 2024**

**Online**

**11:00 (ARAC mtg closed for Members) 11:10 – 11:15 (ARAC members and auditors)**

**11:15 – 1:30 (full committee)**

Mair Gwynant	Committee Member [Chair]
Alan Morris	Committee Member
Fran Targett	Committee Member
Peter Davies	Committee Member
Annmarie Thomas	Committee Member
Phil George	Committee Member
Nicola Williams	Committee Member
Sabiha Azad	Committee Member (trainee)
Samer Karrar	Committee Member (trainee)
Princess Onyeanusì	Committee Member (trainee)
Shameem Nawaz	FGC Intern
Derek Walker	Future Generations Commissioner for Wales
Marie Brousseau Navarro	Deputy Commissioner & Director of Health
Lisa Pitt	Director of Finance and IT
Helen Nelson	Director of Strategic Planning & Climate [Secretariat]
Clare James	External Auditor Audit Wales
Mike Collier	Internal Auditor TIAA

### *PART 1 – ASSURANCE*

*Mair noted that the meeting would be recorded for the purpose of minute-taking and deleted straight after.*

#### **1. Apologies for absence and declarations of interest**

There were no apologies or declarations of interest.



## 2. Minutes of last meeting and matters arising [1 paper]

- Page 1 - Appointment of ARAC chair. The minutes should clarify that whilst legally the Commissioner makes the appointment, the Committee agreed it. It was agreed to look at the ToR to make sure that the convention leading to the appointment is clear.
- Page 3 para 4. Add the word "*voluntary*".

Subject to these changes the minutes were approved as accurate.

### ACTION:

- 2.1 Secretariat to amend the minutes to reflect this.
- 2.2 Look at the Terms of Reference to clarify process for appointing the Chair.

## 3. External audit [Clare James]

The committee received the report from Audit Wales. External audit started in July 2024 and at two thirds through, is going well. A final report will be brought in early August. There is nothing to bring to ARAC's attention currently. The Committee thanked Clare James and team for her work.

## 4. Internal audit [Mike Collier]

### Follow-up Review

The Committee received a report on the annual follow-up review, which noted that of all recommendations previously made eight were implemented and four were outstanding (1 superseded by another system). Those outstanding were low risk and moving towards completion. The Committee were reassured that progress was in hand.

### Summary Internal Controls Assurance (SICA) Report July 2024

The Committee thanked TIAA for the SICA report. It was agreed that Lisa would circulate to ARAC and to SLT members the list of monthly briefings received from TIAA, to ensure that the Committee had timely access to them.

### Annual Plan for 2024-25

It was confirmed that the new audit plan would be agreed following the October 2024 meeting, when the Committee would have a clearer sense of the new risk register and gaps in assurance. The Committee noted that reviews this year on corporate governance (which had a substantial assurance rating again last



year) and stakeholder management were less of a priority. It would be more useful to have flexibility following the risk training in October.

- It was agreed to fit risk training into the October ARAC meeting and that the proposed Internal Audits on cyber security and key financial controls should continue.

#### PAPAC progress against recommendations **Marie Brousseau Navarro**

The Deputy Commissioner presented this item and noted that the office is on schedule with reporting back. The Committee thanked the Commissioner's team for this useful report - a small action was noted - column M/N to be dated.

#### ACTIONS:

- 4.1 Director of Finance to circulate the monthly list of TIAA briefings to ARAC and SLT for timely information, as they come in.
- 4.2 TIAA to continue with the reviews on key financial controls and cyber security in 2024.
- 4.3 TIAA in collaboration with Deputy Commissioner to put together risk training for ARAC members and SLT, as part of the October meeting.
- 4.4 Mair, Lisa and Marie to liaise with TIAA to revisit the audit plan post October 2024 risk training.
- 4.5 Marie Brousseau Navarro to action column name in PAPAC recommendations

### 5. **Finance and Resourcing** **Lisa Pitt**

The Committee received the Finance Report. The main points noted were:

- This is an encouraging financial situation to be in – the restructure in 2023 has put us in a relatively good position.
- Additional international action plan funding had been secured, meaning that £21,000 of the expenditure set aside for some of this work could be redistributed back into the FGC budget.
- 23% spent at the end of Qtr 1.
- One to watch: Payroll awards. If Welsh Government awards more than what we've provisionally budgeted, then the office may need to adjust its budget to cover these costs.
- Employer pension rate went up to 28.97% - we are waiting to hear if Welsh Government will help to contribute towards this.

### 6. **Quarterly Report** **Derek Walker**

#### Quarterly Exception Report



The Commissioner noted that two IT security incidents had been reported, as outlined in the document, including a theft of an FGC computer. This was discussed in detail by the Committee who noted that:

- An internal review was undertaken and whilst the Commissioner did not need to formally report the incident to the Information Commissioner's Office, he did. The ICO self-assessment advised no further action.
- No access was detected to FGC systems (e.g. Dynamics or Office 365) and expert advice has concluded that there is no continued threat from the theft. Fortunately, it looks like the incident has been contained however, the Commissioner and team are treating it as a 'near miss' with lots of learnings and further team training.
- Whilst the office has the IASME accreditation, it is keen to further test the systems and processes with the forthcoming internal review on cyber security.
- This issue is high risk for all organisations. The Committee felt reassured by the steps taken by the Commissioner and team.

#### Risk register **Marie Brousseau Navarro**

The Deputy Commissioner introduced the new risk register.

The main points discussed were:

- The new format was welcomed as easier to follow.
- It needs to focus more on the (a) movement of risk – what has changed since the Committee last met; and (b) how the risk descriptions need tightening up e.g. *"there is a risk that.. caused by.... Which will impact on...."*
- As risk is constantly evolving, the new approach seems to offer an appropriate approach to risk management and reporting.
- In the future, ARAC would like the register to be presented as an excel spreadsheet with a simple narrative attached on what's changed.
- The risks will be looked at in detail during the Risk training session in October 2024

#### ACTIONS:

- 6.1 Deputy Commissioner to make tweaks to risk register to tighten-up risk descriptions.

## 7. Statutory Annual Reports

#### ARAC annual report **Alan Morris**

The ARAC Annual Report, a draft of which has been circulated to Committee members by Alan, was signed-off. The Chair thanked Alan for all of his work.



In the future, the Committee would adopt a self- assessment form that could be adapted for the trainees. The Chair would pull together a short paper describing the self-assessment process, in the new financial year ready for the 2024/25 reporting period.

### Statutory Annual Report

ARAC considered the performance report which accompanies the accounts and governance sections of the Annual Report, providing an overview of activity and impact.

A new approach had been trialled to reduce the content of the Performance Report into a shorter document, along with infographics of KPIs.

- ARAC liked the shorter format.
- Whilst the purpose of the document is part of corporate reporting, getting the communications right is important, as part of broader efforts to explain the changes that the WFG Act seeks to bring about.
- With regards to the Accountability Report, the content is detailed and not easily understood. Whilst it was acknowledged that this is linked to FREM requirements, the Committee wondered if it could be summarised and better presented in future. CJ confirmed that the report was in compliance with the FREM
- The financial statements will be discussed at the August meeting.

### ACTIONS:

- 7.1 The Chair to pull together a short paper describing the self-assessment process, in the new financial year ready for the 2024/25 reporting period.
- 7.2 Director of Finance to circulate the financial statements ahead of the August meeting.

## **8. Any other Business and date of next meeting**

Dates of future meetings had been circulated to members.

The October meeting would be a two-day meeting face to face (with risk training built in).